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Date of Deposit	:	June 16, 2003
Type of Document(s):	:	Appeal Brief (*In Triplicate*); Check in the amount of $320.00; and Return Postcard
Serial No.	:	09/313,297
Filing Date	:	May 17, 1999

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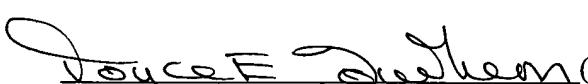
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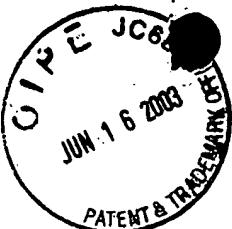
IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:	Joseph C. Kawan et al.
Application No.:	09/313,297
For:	**SYSTEM AND METHOD FOR AUTOMATED ELECTRONIC SCRIP TRANSACTIONS**
Filed:	May 17, 1999
Group Art Unit:	2162
Examiner:	Young, J.

APPEAL BRIEF

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Sir:

This is an Appeal Brief under 37 C.F.R. § 1.192 in connection with decision of the Examiner mailed on November 19, 2002. Each of the topics required by 37 C.F.R. § 1.192 is presented herewith and is labeled appropriately.

(1)   Real Party In Interest

The real party in interest is Citicorp Development Center, Inc.

(2)   Related Appeals And Interferences

There are no other appeals or interferences related to this case.

(3)   Status Of Claims

Claims 1-69 are pending and all have been rejected.

No claims have been cancelled.

No claims have been allowed.

Claims 1-69 are hereby appealed.

(4)   Status of Amendments

There are no amendments after final rejection.

(5)   Summary Of The Invention

The invention involves a method and system for automated scrip transactions in which a transaction between a merchant and a member is performed and settled using electronic scrip. The invention makes use of a database storing accounts, for example, for one or more merchants, scrip distributors, sponsoring organizations, and members. The invention also utilizes terminals for one or more merchants, scrip distributors, sponsoring organizations, and a system manager, which are interconnected to one another, as well as to the database, over a network. Members are provided with a scrip card, such as a magnetic stripe scrip card or a smart scrip card. (Spec. p. 5, lines 11-21).

A member selects goods or services for a transaction with a participating merchant, and transaction information, including a transaction amount, is received, for example, by entering the information at a terminal, such as the merchant terminal. The transaction information that is entered at the terminal also includes data from the member's scrip card, such as the magnetic stripe scrip card, or data from an application on the smart scrip card. The data that is entered from the scrip card includes data identifying the member and the member's account, such as an account number for the member. (Spec. p. 5, line 22-p. 6, line 2).

The transaction information, including the transaction amount, the member identification, such as the member account number, as well as a transaction request and an identification of the merchant, is automatically sent from the merchant

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terminal over the network to a system manager at the system manager terminal and/or a scrip distributor at the scrip distributor terminal. When the transaction information is received at either the system manager terminal or the scrip distributor terminal, the receiving entity automatically confirms the member and merchant identification and also confirms that there is a balance in the member account adequate to cover the transaction amount. (Spec. p. 6, line 3-p. 6, line 12).

The member account can be a scrip account storing scrip credits, or the member account can also be a checking account or a savings account of the member. When the member account balance is confirmed, the member account is automatically debited by the transaction amount. At the same time, merchant loyalty point credit is automatically stored for the member in connection with the transaction amount in a merchant loyalty account, and when a threshold level of stored loyalty point credit is attained, tuition credit for the member in connection with the transaction amount can also be stored in a tuition credit account of the member. (Spec. p. 6, lines 12-22).

For the member's scrip account, data representing member scrip credit is pre-stored for the member in the member's scrip account by transferring member scrip credit from a sponsoring organization account and/or a scrip distributor account in exchange for monetary value from the member, such as cash or check or debiting the member's checking or savings account. Likewise, data representing sponsoring organization scrip credit is stored in the sponsoring organization's account by transferring organization scrip credit from the scrip distributor account. In turn, data representing distributor scrip credit is stored in the scrip distributor account by purchasing the distributor scrip credit from the participating merchant. (Spec. p. 6, line 22-p. 7, line 2).

When the member's account is debited by the transaction amount, a confirmation of the debit is automatically sent to the merchant at the merchant terminal over the network, the system manager at the system manager terminal, and/or the scrip distributor at the scrip distributor terminal. A predetermined merchant portion of the transaction amount is also credited by the system manager or

the scrip distributor to the merchant account according to a predetermined merchant percentage of the transaction amount. The predetermined merchant percentage is determined by automatically consulting a look-up table stored in the database that is coupled over the network to the system manager terminal and/or the scrip distributor terminal. (Spec. p. 7, line 3-13).

When the predetermined merchant portion is credited to the merchant account, a predetermined balance portion of the transaction amount is also automatically credited to one or both of the sponsoring organization account and the scrip distributor account. The predetermined balance portion for the scrip distributor account is automatically determined according to a predetermined scrip distributor percentage of the transaction amount. In turn, the predetermined scrip distributor percentage is determined by automatically consulting the look-up table that is stored in the database. Likewise the predetermined balance for the sponsoring organization account is automatically determined according to a predetermined sponsoring organization percentage of the transaction amount. However, the balance portion for the sponsoring organization can be reduced by deducting any percentage of the transaction amount previously received by the sponsoring organization. (Spec. p. 7, lines 14-26).

In another aspect of the invention, the system manager stores scrip account information, such as a scrip account number associated with a particular scrip purchasing organization, for one or more members in the scrip clearing center and provides the members a scrip card associated with the scrip account. In addition, the system manager stores pre-paid electronic scrip credit purchased from the scrip distributor by the scrip purchasing organization at a negotiated merchant discount in a scrip account of the organization. The system manager allows a transfer of a portion of the pre-paid electronic scrip credit from the scrip account of the scrip purchasing organization to the member's scrip account upon receipt by the scrip purchasing organization of payment on behalf of the member. (Spec. p. 11, lines 4-28).

In this aspect, upon receiving information, such as merchant identification, the member's identification and scrip account data from the scrip card, a transaction request, and the transaction amount, relating to a transaction between a participating merchant and the member by the system manager via a network from a merchant terminal, the system manager confirms a balance in the member's scrip account adequate to cover the transaction amount. If the balance is adequate, the system manager debits the member's scrip account for the transaction amount and sends a confirmation of the debit to the merchant terminal via the network. The system manager also credits a predefined merchant portion of the transaction amount to an account of the merchant, a predefined scrip purchasing organization portion of the transaction amount to an account for the scrip purchasing organization, and a predefined scrip distributor portion of the transaction amount to a scrip distributor account, all according to look-up table parameters stored in the scrip clearing center. (Spec. p. 12, line 1-p. 15, line 4).

(6)   Issues

Whether the Examiner's rejection of claims 1-69 under 35 U.S.C. § 103(a) as being unpatentable over Masi et al. (U.S. Pat. No. 6,105,001) in view of Rosen (U.S. Pat. No. 5,453,601) is proper.

(7)   Grouping of Claims

Claims 1-69 are arranged into the groups listed below. Claims within a group stand and fall together. Groups of claims, however, do not stand or fall together with other groups of claims.

GROUP	CLAIMS
I	1, 52
II	2-18, 21, 22, 53-59
III	19, 20, 23-25, and 60
IV	26-33
V	34-38
VI	39-44, 61, 62
VII	45-51, 63-66
VIII	67, 68
VIX	69

(8)   Argument

The Combination of Masi et al. and Rosen to Reject Claims 1-69 Is Improper

Independent method claim 1 and corresponding system claim 52 propose use of electronic scrip for a transaction with a merchant in which the member's account is debited for the transaction amount upon receipt of the transaction information, the merchant's account is automatically credited with a predetermined merchant portion of the transaction amount, and the account of the sponsoring organization account and/or the scrip distributor is automatically credited with a predetermined balance portion of the transaction amount.

With regard to independent claims 1 and 52, the Examiner considers that Masi et al. shows the claimed invention except for the explicit recital of electronic scrip but

discloses an electronic fund transfer which suggests electronic scrip. The Examiner considers further with regard to claims 1 and 52 that Rosen discloses electronic money that the Examiner interprets as equivalent to electronic scrip. It is respectfully submitted that an electronic fund transfer of electronic money does not suggest or imply electronic scrip and the interpretation of electronic money as equivalent to electronic scrip within the context of the disclosure of the present invention, from which the definition of terms in the claims must be drawn.

Rather, Masi et al. teaches a system for paying commissions to card holders in a credit/debit card pyramid scheme. According to Masi et al., members are provided with magnetic stripe debit or credit cards for making purchases from merchants, who agree to provide a discount for such purchases. A member makes a purchase from the merchant using the debit or credit card at the merchant's POS terminal, which sends the transaction information to an authorization and transaction processor. The authorization processor sends back an authorization and instructs an automated clearing house (ACH) processor to transfer the purchase amount from a member account to a merchant account less a discount, which is applied to an organization account. The authorization processor also sends the discount data to a commission management processor that stores the data in the member's record in a database. New members are recruited by existing members in a pyramid hierarchy, and are rewarded with commissions paid out of the discount credits in the organization account according to the volume of card usage by new members in the pyramid hierarchy. The commission management processor determines the commission to be paid to existing members and notifies a payment processor that prints and mails check to existing members or transfers funds from the organization account to the members' accounts.

Rosen does not cure the deficiencies of Masi et al. Rather, Rosen teaches an electronic funds transfer system that utilizes electronic money that is interchangeable with cash and universally accepted. In the Rosen system, a bank utilizes a computer module to issue electronic money to subscribers that is backed by demand deposits and accepted by correspondent banks. The subscribers are provided with computer

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modules for storing the electronic money and performing transactions with the on-line systems of participating banks or exchanging electronic money with one another via their respective computer modules in off-line transactions. Issuing and correspondent banks also use computer modules for interfacing to subscribers' computer modules and to one another. A clearing bank balances the electronic money accounts of the different issuing banks.

Thus, Masi et al. and Rosen do not disclose, nor even suggest, use of electronic scrip for a transaction as recited in independent claims 1 and 52. Consequently, Masi et al. and Rosen do not recite the required combination of limitations proposing a method and system for performing a transaction between a merchant and a member with electronic scrip, in which in which the member's account is debited for the transaction amount upon receipt of the transaction information, the merchant's account is automatically credited with a predetermined merchant portion of the transaction amount, and the account of the sponsoring organization account and/or the scrip distributor is automatically credited with a predetermined balance portion of the transaction amount.

It is respectfully submitted that an electronic fund transfer does not suggest or imply electronic scrip and the interpretation of electronic money as equivalent to electronic scrip within the context of the disclosure of the present invention, from which the definition of terms in the claims must be drawn. While a transfer of electronic scrip may be considered an electronic fund transfer because scrip is a type of fund, a general indication of an electronic fund transfer does not necessarily indicate or suggest electronic scrip or transfer thereof without additional evidence or showing in either Masi et al. or Rosen. It is respectfully submitted that neither of these references indicates, suggests, or make obvious the use of electronic scrip.

Contrary to the Examiner's assertion, electronic money cannot be interpreted to be equivalent to electronic scrip. Indeed, as understood in the art and stated in the specification of the present invention (e.g., pp. 1-2), scrip is distinguishable from money. While scrip is purchased with money so that it can be used for the exchange of goods and services, unlike money, scrip is not legal tender for all transactions. As admitted by the Examiner, electronic money would have been interchangeable with conventional

paper money. Office Action of 6/4/01, p. 39. Scrip, as known in the art, however, is not interchangeable with conventional paper money. While money can be used to purchase scrip, the latter cannot be used to purchase or exchange for money. Electronic money is a well known term of art that denotes digital value that is withdrawn from an account at a financial institution using, for example, the modules of Rosen to store and transfer the digital value via interface to another module to its destination in a secure transaction. Electronic money is a secure transaction that can be used to make payments to purchase goods without the need of an intermediary, such as a scrip distributor. On the other hand electronic scrip is a payment product that is patently different from electronic money which has the backing of the U.S. government. Electronic scrip is the apt name for the payment product of applicants' invention because it connotes the informal and less certain nature of the particular payment product in which the value transmitted is no more than a representation of the scrip issuer's promise to pay. Further, while scrip represents value, it is different from money in that it represents prepaid value that is valid only when spent with a specific merchant.

Independent claim 69 proposes use of electronic scrip for a transaction with the merchant in which the system manager stores scrip account information, such as a scrip account number associated with a particular scrip purchasing organization, for one or more members in a scrip clearing center and provides the members a scrip card associated with the scrip account. In addition, the system manager stores pre-paid electronic scrip credit purchased from the scrip distributor by the scrip purchasing organization at a negotiated merchant discount in a scrip account of the organization. The system manager allows a transfer of a portion of the pre-paid electronic scrip credit from the scrip account of the scrip purchasing organization to the member's scrip account in return for payment on behalf of the member.

Independent claim 69 proposes further that upon receiving transaction information, such as merchant identification and the transaction amount, along with the member's identification and scrip account data from the scrip card, by the system

manager from the merchant terminal via a network, the system manager confirms a balance in the member's scrip account adequate for the transaction and debits the member's scrip account for the transaction amount. The system manager sends a confirmation of the debit to the merchant terminal via the network and credits a predefined merchant portion of the transaction amount to the merchant's account, a predefined scrip purchasing organization portion to the scrip purchasing organization's account, and a predefined scrip distributor portion of the transaction amount to the scrip distributor's account, all according to look-up table parameters stored in the scrip clearing center.

With regard to independent claim 69, the Examiner considers that Masi et al. shows the claimed invention except for the explicit recital of a scrip clearing center having data processing resources. The Examiner considers further with regard to independent claim 69 that Rosen shows elements that suggest a scrip clearing center having data processing resources. It is respectfully submitted that an electronic fund transfer of electronic money does not suggest or imply an electronic scrip clearing center and the interpretation of electronic money as equivalent to electronic scrip within the context of the disclosure of the present invention. On the contrary, the Examiner's conclusion that electronic scrip is the same as electronic money is incorrect. Further, Masi et al. teaches a conventional credit card authorization processor using the well known ACH electronic funds transfer network that provides nationwide interbank clearing of electronic payments for participating depository banks.

The claimed combinations are not taught or suggested by Masi et al. and/or Rosen either separately or in combination with one another. Rather, Masi et al. teaches a credit/debit card pyramid scheme for making incentive payments to existing card holders to sign up new card holders, in which the card issuer is paid a fee or "discount" by the merchant via the conventional credit card acquirer/ACH networks, which the card issuer then distributes to existing card holders, and Rosen teaches an electronic money transfer system utilizing secure, tamper-proof computer modules and electronic currency for any number of countries backed by a subscriber's demand deposit account which is interchangeable with paper currency and universally

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accepted. Because the cited references, either alone or in combination, do not teach the limitations of independent claims 1, 52, or 69, the Examiner has failed to establish the required *prima facie* case of unpatentability. See In re Royka, 490 F.2d 981, 985 (C.C.P.A., 1974) (holding that a *prima facie* case of obviousness requires the references to teach all of the limitations of the rejected claim); See also MPEP §2143.03.

The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1, 52, or 69 and similarly has failed to establish a *prima facie* case of unpatentability for claims 2-51, 67, and 68 that depend on claim 1 and claims 53-66 that depend on claim 52 and which recite further specific elements that have no reasonable correspondence with the references.

For example, claims 2-18, 21, 22 depending on independent claim 1 and/or claims 53-59 depending on independent claim 52 propose further that the transaction information, including data identifying the member account and/or the member is entered from a magnetic stripe scrip card or a smart scrip card at a merchant terminal along with a transaction request and automatically sent over the network to a system manager at the system manager terminal and/or a scrip distributor at the scrip distributor terminal.

With regard to claims 2-18, 21, 22 or 53-59, the Examiner considers that Masi et al. shows elements that suggest entering data including an account number for the member from a scrip card, such as a magnetic stripe card smart scrip card, at a terminal, a commission management system that the Examiner interprets as a scrip system manager, and an ACH processor that the Examiner interprets as a scrip distributor. The Examiner considers further that Rosen shows elements that suggest a scrip distributor, smart card modifications that would have applied to the non-cash transaction system of Masi et al., electronic money distribution modifications that would have applied to the non-cash transaction system of Masi et al., and elements that suggest a scrip manager terminal and scrip manager terminal modifications that would have applied to the non-cash transaction system of Masi et al.

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On the contrary, there is no teaching in the references of a transaction with a merchant using electronic scrip in which data identifying the member account and/or the member is entered from a magnetic stripe scrip card or a smart scrip card at the merchant terminal and automatically sent over the network to a system manager at the system manager terminal and/or a scrip distributor at the scrip distributor terminal as proposed in claims 2-18, 21, 22, and/or 53-59. Rather, Masi et al. discloses entering credit card information at the merchant terminal and sending it to the credit card processor, which forwards the transaction data to one of the ACH operators (i.e., the Federal Reserve and Electronic Payments Network) to arrange entry of appropriate debits and credits to designated bank accounts of the purchaser, the merchant, and the card issuer, and Rosen discloses moving electronic money back and forth among subscribers and issuing, corresponding and clearing banks. The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1 or 52 and similarly has failed to establish a *prima facie* case of unpatentability for claims 2-18, 21, 22 that depend on claim 1 or claims 53-59 that depend on claim 52.

Claims 19, 20, 23-25 depending on independent claim 1 and/or claim 60 depending on independent claim 52 propose further that when the transaction information is received at the system manager terminal or scrip distributor terminal, the system manager or scrip distributor automatically confirms that there is a balance in the member account, such as scrip account, checking account, or savings account, adequate to cover the transaction amount, and when confirmed, the member's account is automatically debited by the transaction amount.

With regard to claims 19, 20, 23-25, and/or 60, the Examiner considers that Masi et al. shows elements that suggest confirming a balance by the system manager in the identified member account adequate to cover the transaction amount. However, there is no teaching in the references that when the transaction information is received at the system manager terminal or scrip distributor terminal, the system manager or scrip distributor automatically confirms that there is a balance in the member account, such as a scrip account, adequate to cover the transaction amount as proposed in

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claims 19, 20, 23-25, and/or 60. On the contrary, Masi et al. discloses receiving the transaction information by a conventional credit or debit card authorization processor and authorizing the transaction based on a credit risk or debit card balance. The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1 or 52 and similarly has failed to establish a *prima facie* case of unpatentability for claims 19, 20, 23-25 that depend on claim 1 and/or claim 60 that depends on claim 52.

Claims 26-33 depending on independent claim 1 propose further that data representing member scrip credit is stored for the member in the member's scrip account by transferring member scrip credit from a sponsoring organization account that stores organization scrip credit previously transferred from a scrip distributor account in turn storing distributor scrip credit purchased from the merchant and/or by transferring the member scrip credit direct from the scrip distributor account.

Regarding claims 26-33, the Examiner considers that storing data representing member scrip credit for the member in the member's scrip account by transferring member scrip credit from a sponsoring organization account storing organization scrip credit previously transferred from a scrip distributor account and/or by transferring the member scrip credit direct from the scrip distributor account is well known in the art.

As noted by the Examiner, there is no explicit recitation in Masi et al. of storing data representing member scrip credit for the member in the member's scrip account by transferring member scrip credit from a sponsoring organization account storing organization scrip credit previously transferred from a scrip distributor account storing distributor scrip credit purchased from the merchant and/or by transferring the member scrip credit direct from the scrip distributor account as proposed by claims 26-33. Nor is there any teaching in the references in that regard. Rather, Masi et al. teaches storing commissions for a cardholder in a database based on credit card usage by other cardholders and periodically issuing commission payments to the cardholder. The Examiner has failed to establish the required *prima*

facie case of unpatentability for independent claim 1 and similarly has failed to establish a *prima facie* case of unpatentability for claims 26-33 that depend on claim 1.

Claims 34-38 depending on independent claim 1 propose further that when the member's account is debited by the transaction amount, a confirmation of the debit is automatically sent over the network by the system manager at the system manager terminal and/or the scrip distributor at the scrip distributor terminal to the merchant at the merchant terminal, that merchant loyalty point credit is automatically stored for the member in connection with the transaction amount in a merchant loyalty account, and that when a threshold level of stored loyalty point credit is attained, tuition credit for the member in connection with the transaction amount is also stored in a tuition credit account of the member.

With regard to claims 34-38, the Examiner considers that automatically sending a confirmation of the debit to the merchant at the merchant terminal over the network by the system manager at the system manager terminal and/or the scrip distributor at the scrip distributor terminal is well known in the art and that Masi et al. shows elements that suggest automatically storing merchant loyalty point credit for the member in connection with the transaction amount, providing enrollment incentives that the Examiner interprets as suggesting tuition credit, and elements that suggest automatically storing tuition credit for the member in connection with the transaction amount based on attaining a threshold level of stored loyalty point credit.

Likewise, as noted by the Examiner, there is no explicit recital in Masi et al. that when the member's account is debited by the transaction amount, a confirmation of the debit is automatically sent over the network by the system manager at the system manager terminal and/or the scrip distributor at the scrip distributor terminal to the merchant at the merchant terminal. Nor is there any teaching in any of the references in that regard. Rather, Masi et al. merely discloses a conventional credit card processing system in which an authorization for the credit card transaction is sent by the authorization processor to the merchant POS terminal, and the transaction data

is sent to the ACH, which distributes the data to one or more receiving banks. The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claim 1 and similarly has failed to establish a *prima facie* case of unpatentability for claims 34-38 that depend on claim 1.

Claims 39-44 depending on independent claim 1and/or claims 61, 62 depending on independent claim 52 propose further that a predetermined merchant percentage of the transaction amount is determined by automatically consulting a look-up table stored in a database that is coupled over the network to the system manager terminal and/or the scrip distributor terminal and credited to the merchant account stored on a database by the system manager and/or the scrip distributor at their respective terminals coupled over the network to the database.

Regarding claims 39-44 and/or 61, 62, the Examiner considers that Masi et al. discloses enrollment incentives to merchants, elements that suggest automatically determining the merchant portion according to a predetermined merchant percentage of the transaction amount, automatically consulting a look-up table for the predetermined merchant percentage, storing the predetermined merchant percentage in the look-up table in a database, a scrip distributor and scrip distributor terminal, automatically crediting the merchant portion, and a system manager. The Examiner further considers that Rosen discloses electronic money distribution modifications that would have applied to the non-cash transaction system of Masi et al.and discloses elements that suggest a scrip distributor and scrip distributor terminal. However, there is no teaching in any of the references that a predetermined merchant percentage of the transaction amount is determined by automatically consulting a look-up table stored in a database that is coupled over the network to the system manager terminal and/or the scrip distributor terminal and credited to the merchant account stored on a database by the system manager and/or the scrip distributor at their respective terminals coupled over the network to the database as proposed by claims 39-44 and/or 61, 62. Rather, Masi et al. discloses deducting commissions from purchase prices paid by newly recruited cardholders and sending those amounts to a

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commission account, from which the payment processor issues periodic payments to the cardholder who recruited the new cardholders. The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1 or 52 and similarly has failed to establish a *prima facie* case of unpatentability for claims 39-44 that depend on claim 1 or claims 61, 62 that depend on claim 52.

Claims 45-51 depending on independent claim 1 and/or claims 63-66 depending on independent claim 52 propose further that a predetermined scrip distributor percentage and/or a predetermined sponsoring organization percentage of the transaction amount is determined by automatically consulting a look-up table stored in the database that is coupled over the network to the system manager terminal and/or the scrip distributor terminal, and that any previously received percentage of the transaction amount is deducted.

Regarding claims 45-51 and/or claims 63-66, the Examiner considers that Masi et al. shows elements that suggest automatically crediting a predetermined balance portion of the transaction amount to the scrip distributor account, an electronic fund transfer which suggests electronic scrip, elements that suggest a scrip distributor, and elements that suggest automatically determining the balance portion for the sponsoring organization account according to a predetermined sponsoring organization percentage of the transaction amount. The Examiner considers further that Rosen discloses electronic money that the Examiner interprets as equivalent to electronic scrip, electronic money modifications that would have applied to the non-cash transaction system of Masi et al., and elements that suggest a scrip distributor. In addition, the Examiner considers that automatically deducting a previously received percentage of the transaction amount from the balance portion for the sponsoring organization account were well known in the art.

However, there is no teaching in any of the references that a predetermined scrip distributor percentage and/or a predetermined sponsoring organization percentage of the transaction amount is determined by automatically consulting a look-up table stored in the database that is coupled over the network to the system

manager terminal and/or the scrip distributor terminal, and that any previously received percentage of the transaction amount is deducted as proposed by claims 45-51, or 63-66. On the contrary, as previously noted, the electronic fund transfer of electronic money of Rosen does not suggest or imply electronic scrip and the interpretation of electronic money as equivalent to electronic scrip within the context of the disclosure of the present invention. Further, Masi et al. merely discloses a conventional credit card authorization processor using the well known ACH electronic funds transfer network that provides nationwide interbank clearing of electronic payments for participating depository banks. The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1 or 52 and similarly has failed to establish a *prima facie* case of unpatentability for claims 45-51 that depend on claim 1 or claims 63-66 that depend on claim 52.

Claims 67, 68 depending on independent claim 1 propose utilizing a scrip clearing center with data processing resources, including one or more signal processing units with associated signal memory for on-line storage of scrip accounts for the scrip distributor, the scrip sponsoring organization, participating merchants, and members, in which scrip account information is stored for the member by the system manager consisting, for example, of a scrip account number associated with the scrip sponsoring organization, and in connection with which the member is provided a scrip card; storing pre-paid electronic scrip credit by the system manager in a scrip account of the scrip sponsoring organization purchased from the scrip distributor at a negotiated merchant discount, from which a portion of the pre-paid electronic scrip credit is allowed to be transferred to the member's scrip account upon receipt by the scrip sponsoring organization of payment for the transferred scrip credit on behalf of the member; and in a transaction for a member with a merchant, crediting by the system manager of a predefined scrip purchasing organization portion of the transaction amount to the account for the scrip purchasing organization and a predefined scrip distributor portion of the transaction amount to the scrip distributor

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account, both according to look-up table parameters stored in the scrip clearing center.

Regarding claims 67 and 68, the Examiner considers that Masi et al. shows elements that suggest the elements and limitations of claims 67 and 68, except an explicit recitation of providing a scrip clearing center having data processing resources or crediting a predefined scrip sponsoring organization portion of the transaction amount to an account for the scrip sponsoring organization. The Examiner considers further that Rosen shows elements that suggest providing a scrip clearing center having data processing resources, scrip clearing center and scrip crediting modifications that would have applied to the system of Masi et al., and elements that suggest crediting a predefined scrip sponsoring organization portion of the transaction amount to an account for the scrip sponsoring organization.

However, there is no teaching in any of the references of utilizing a scrip clearing center with data processing resources, including one or more signal processing units with associated signal memory for on-line storage of scrip accounts for the scrip distributor, the scrip sponsoring organization, participating merchants, and members, in which scrip account information is stored for the member by the system manager consisting, for example, of a scrip account number associated with the scrip sponsoring organization and in connection with which the member is provided a scrip card as proposed by claims 67 and 68. Nor is there any teaching in any of the references of the system manager storing pre-paid electronic scrip credit in a scrip account of the scrip sponsoring organization purchased from the scrip distributor at a negotiated merchant discount from which a portion of the pre-paid electronic scrip credit is allowed to be transferred to the member's scrip account upon receipt by the scrip sponsoring organization of payment for the transferred scrip credit on behalf of the member as proposed by claims 67 and 68. Neither is there any teaching in any of the references that in a transaction for a member with a merchant, the system manager credits a predefined scrip purchasing organization portion of the transaction amount to the account for the scrip purchasing organization and a

predefined a scrip distributor portion of the transaction amount to the scrip distributor account, both according to look-up table parameters stored in the scrip clearing center as proposed by claims 67 and 68.

Contrary to the Examiner's conclusion, the electronic fund transfer of electronic money of Rosen does not suggest or imply electronic scrip and the interpretation of electronic money as equivalent to electronic scrip within the context of the disclosure of the present invention. Moreover, Masi et al. discloses only a conventional credit card authorization processor using the well known ACH electronic funds transfer network that provides nationwide interbank clearing of electronic payments for participating depository banks. The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claim 1 and similarly has failed to establish a *prima facie* case of unpatentability for claims 67 and 68 that depend on claim 1.

(9)   Conclusion

For at least the reasons given above, the rejections of claims 1-69 are improper. Applicant respectfully requests the final rejection by the Examiner be reversed and claims 1-69 be allowed. Attached below is an Appendix of claims 1-69 for ease of reference.

This brief is being submitted in triplicate.

Respectfully submitted,

Date:___6/16/03___   By: _____
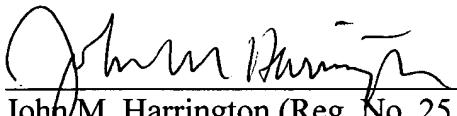
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APPENDIX - Claims

1.   A method of performing a transaction between a merchant and a member with electronic scrip, comprising:

receiving information relating to the transaction between the merchant and the member, including a transaction amount;

automatically debiting an account of the member by the transaction amount;

automatically crediting a predetermined merchant portion of the transaction amount to an account of the merchant; and

automatically crediting a predetermined balance portion of the transaction amount to at least one of a sponsoring organization account and a scrip distributor account.

2.   The method of claim 1, wherein receiving information further comprises entering the information at a terminal.

3.   The method of claim 2, wherein entering the information further comprises entering the information at the terminal coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

4.   The method of claim 2, wherein entering the information at the terminal further comprises entering the information at a merchant terminal.

5.   The method of claim 2, wherein entering the information further comprises entering data for the member from a scrip card at the terminal.

6.   The method of claim 5, wherein entering data further comprises entering the data for the member from a magnetic stripe scrip card at the terminal.

7. The method of claim 5, wherein entering data further comprises entering the data from an application on a smart scrip card for the member at the terminal.

8. The method of claim 5, wherein the data further comprises an account number for the member.

9. The method of claim 1, wherein receiving information further comprises receiving the information by at least one of a system manager at a system manager terminal and a scrip distributor at a scrip distributor terminal.

10. The method of claim 9, wherein receiving the information further comprises receiving the information by the system manager at the system manager from a merchant terminal over a network.

11. The method of claim 9, wherein receiving the information further comprises receiving the information by the scrip distributor at the scrip distributor terminal from a merchant terminal over a network.

12. The method of claim 1, wherein receiving the information further comprises receiving a request for the transaction by at least one of a system manager and a scrip distributor.

13. The method of claim 12, wherein receiving the request by the system manager further comprises receiving the request by the system manager at a system manager terminal from a merchant terminal over a network.

14. The method of claim 12, wherein receiving the request by the scrip distributor further comprises receiving the request by the scrip distributor at a scrip distributor terminal from a merchant terminal over a network.

15. The method of claim 12, wherein receiving the request further comprises receiving data identifying at least one of the member account and the merchant.

16.   The method of claim 1, wherein automatically debiting further comprises automatically sending a request for the transaction from a terminal over a network to at least one of a system manager at a system manager terminal and a scrip distributor at a scrip distributor terminal.

17.   The method of claim 16, wherein automatically sending the request to the system manager further comprises receiving the request by the system manager at the system manager terminal.

18.   The method of claim 17, wherein receiving the request by the system manager further comprises receiving data by the system manager identifying at least one of the member account and the member.

19.   The method of claim 18, wherein receiving the data by the system manager further comprises confirming a balance by the system manager in the identified member account adequate to cover the transaction amount.

20.   The method of claim 19, wherein confirming the balance by the system manager further comprises confirming the balance by the system manager in at least one account of the member selected from a group consisting of a member scrip account, a member checking account, and a member savings account.

21.   The method of claim 16, wherein automatically sending the request to the scrip distributor further comprises receiving the request by the scrip distributor at the scrip distributor terminal.

22.   The method of claim 21, wherein receiving the request by the scrip distributor further comprises receiving data by the scrip distributor identifying at least one of the member account and the member.

23.   The method of claim 22, wherein receiving the data by the scrip distributor further comprises confirming a balance by the scrip distributor in the identified member account adequate to cover the transaction amount.

24. The method of claim 23, wherein confirming the balance by the scrip distributor further comprises confirming the balance by the scrip distributor in at least one account of the member selected from a group consisting of a member scrip account, a member checking account, and a member savings account.

25. The method of claim 1, wherein automatically debiting the member account further comprises automatically debiting at least one account of the member selected from a group consisting of a scrip account, a banking account, and a checking account.

26. The method of claim 25, wherein automatically debiting the member scrip account further comprises storing data in the member scrip account representing member scrip credit.

27. The method of claim 26, wherein the data representing member scrip credit further comprises transferring the member scrip credit from at least one of a sponsoring organization account and a scrip distributor account.

28. The method of claim 27, wherein transferring the member scrip credit from the organization account further comprises storing data in the organization account representing organization scrip credit.

29. The method of claim 28, wherein storing the data representing organization scrip credit further comprises transferring the organization scrip credit from a scrip distributor account.

30. The method of claim 29, wherein transferring the organization scrip credit further comprises storing data in the scrip distributor account representing distributor scrip credit.

31. The method of claim 30, wherein storing the data representing distributor scrip credit further comprises purchasing the distributor scrip credit from the merchant.

32.   The method of claim 27, wherein transferring the member scrip credit from the scrip distributor account further comprises storing data in the scrip distributor account representing distributor scrip credit.

33.   The method of claim 32, wherein storing the data representing distributor scrip credit further comprises purchasing the distributor scrip credit from the merchant.

34.   The method of claim 1, wherein automatically debiting further comprises automatically sending confirmation of the debit to the merchant.

35.   The method of claim 34, wherein automatically sending the confirmation further comprises automatically sending the confirmation to the merchant at a merchant terminal over a network.

36.   The method of claim 35, wherein automatically sending the confirmation further comprises automatically sending the confirmation to the merchant terminal over a network by at least one of a system manager at a system manager terminal and a scrip distributor at a scrip distributor terminal.

37.   The method of claim 1, wherein automatically debiting further comprises automatically storing merchant loyalty point credit for the member in connection with the transaction amount.

38.   The method of claim 37, wherein automatically storing further comprises automatically storing tuition credit for the member in connection with the transaction amount based on attaining a threshold level of stored loyalty point credit.

39.   The method of claim 1, wherein automatically crediting the merchant portion further comprises automatically determining the merchant portion according to a predetermined merchant percentage of the transaction amount.

40.   The method of claim 39, wherein automatically determining the merchant portion further comprises automatically consulting a look-up table for the predetermined merchant percentage.

41.   The method of claim 40, wherein automatically consulting the look-up table further comprises storing the predetermined merchant percentage in the look-up table in a database coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

42.   The method of claim 1, wherein automatically crediting the merchant portion further comprises automatically crediting the merchant portion of the transaction by at least one of a system manager and a scrip distributor.

43.   The method of claim 42, wherein automatically crediting the merchant portion by the system manager further comprises automatically crediting the merchant portion by the system manager at a system manager terminal coupled over a network to a database storing the merchant account.

44.   The method of claim 43, wherein automatically crediting the merchant portion by the scrip distributor further comprises automatically crediting the merchant portion by the scrip distributor at a scrip distributor terminal coupled over a network to a database storing the merchant account.

45.   The method of claim 1, wherein automatically crediting the predetermined balance portion to the scrip distributor account further comprises automatically determining the balance portion for the scrip distributor account according to a predetermined scrip distributor percentage of the transaction amount.

46.   The method of claim 45, wherein automatically determining the balance portion for the scrip distributor account further comprise automatically consulting a look-up table for the predetermined scrip distributor percentage.

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47.   The method of claim 46, wherein automatically consulting the look-up table further comprises storing the look-up table in a database coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

48.   The method of claim 1, wherein automatically crediting the predetermined balance portion to the sponsoring organization account further comprises automatically determining the balance portion for the sponsoring organization account according to a predetermined sponsoring organization percentage of the transaction amount.

49.   The method of claim 48, wherein automatically determining the balance portion for the sponsoring organization account further comprises automatically consulting a look-up table for the predetermined sponsoring organization percentage.

50.   The method of claim 49, wherein automatically consulting the look-up table further comprises storing the look-up table in a database coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

51.   The method of claim 48, wherein automatically determining the balance portion for the sponsoring organization account further comprises automatically deducting a previously received percentage of the transaction amount from the balance portion for the sponsoring organization account.

52.   A system for performing a transaction between a merchant and a member with electronic scrip, comprising:

means for receiving information related to the transaction between the merchant and the member, including a transaction amount;

means associated with the information receiving means for automatically debiting an account of the member by the transaction amount;

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means associated with the information receiving means for automatically crediting a predetermined merchant portion of the transaction amount to an account of the merchant; and

means associated with the information receiving means for automatically crediting a predetermined balance portion of the transaction amount to at least one of a sponsoring organization account and a scrip distributor account.

53. The system of claim 52, wherein the information receiving means further comprises a terminal.

54. The system of claim 53, wherein the information receiving means further comprises a merchant terminal.

55. The system of claim 54, wherein the information receiving means further comprises the merchant terminal coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

56. The system of claim 55, further comprising a member scrip card readable by the merchant terminal.

57. The system of claim 56, wherein the member scrip card further comprises at least one of a magnetic stripe scrip card and a smart card.

58. The system of claim 52, wherein the debiting means further comprises a merchant terminal coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

59. The system of claim 58, wherein the debiting means further comprises a database storing the member account coupled over the network to at least one of the system manager terminal and the scrip manager terminal.

60.   The system of claim 59, wherein the member account further comprises at least one of a member scrip account, a member checking account, and a member savings account.

61.   The system of claim 52, wherein the means for crediting the merchant portion further comprises a database storing the merchant account coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

62.   The system of claim 61, wherein the means for crediting the merchant portion further comprises a look-up table of predetermined merchant percentage for determining the merchant portion stored in the database.

63.   The system of claim 52, wherein the means for crediting the predetermined portion to the scrip distributor account further comprises a database storing the scrip distributor account coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

64.   The system of claim 63, wherein the means for crediting the predetermined balance portion to the scrip distributor account further comprises a look-up table of predetermined scrip distributor percentage for determining the scrip distributor portion stored in the database.

65.   The system of claim 52, wherein the means for crediting the predetermined balance portion to the sponsoring organization account further comprises a database storing the sponsoring organization account coupled over a network to at least one of a system manager terminal and a scrip distributor terminal.

66.   The system of claim 65, wherein the means for crediting the predetermined balance portion to the sponsoring organization account further comprises a look-up table of predetermined sponsoring organization percentage for determining the sponsoring organization portion stored in the database.

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67.   The method of claim 1, wherein automatically debiting the account of the member further comprises:

providing a scrip clearing center having data processing resources, including one or more signal processing units with associated signal memory for on-line storage of scrip accounts for each of a plurality of scrip participants, consisting at least in part of a scrip distributor, a scrip sponsoring organization, participating merchants, and members;

storing scrip account information in the scrip clearing center by a system manager for at least one member consisting at least in part of a scrip account number associated with the scrip sponsoring organization and providing the member a scrip card associated with the scrip account;

storing pre-paid electronic scrip credit by the system manager in a scrip account of the scrip sponsoring organization purchased from the scrip distributor at a negotiated merchant discount; and

allowing a transfer of a portion of the pre-paid electronic scrip credit from the scrip account of the scrip sponsoring organization to the member's scrip account upon receipt by the scrip sponsoring organization of payment for said portion of the pre-paid electronic scrip credit on behalf of the member.

68.   The method of claim 67, wherein automatically crediting a predetermined balance portion of the transaction amount further comprises:

crediting a predefined scrip sponsoring organization portion of the transaction amount to an account for the scrip sponsoring organization and a predefined scrip distributor portion of the transaction amount to a scrip distributor account by the system manager, according to look-up table parameters stored in the scrip clearing center.

69.   A method for performing a transaction between a merchant and a member with electronic scrip, comprising:

providing a scrip clearing center having data processing resources, including one or more signal processing units with associated signal memory for on-line storage of scrip accounts for each of a plurality of scrip participants, consisting at least in part of a scrip distributor, a scrip purchasing organization, participating merchants, and members;

storing scrip account information in the scrip clearing center by the system manager for at least one member consisting at least in part of a scrip account number associated with the purchasing organization and providing the member a scrip card associated with the scrip account;

storing pre-paid electronic scrip credit by the system manager in a scrip account of the scrip purchasing organization purchased from the scrip distributor at a negotiated merchant discount;

allowing a transfer of a portion of the pre-paid electronic scrip credit from the scrip account of the scrip purchasing organization to the member's scrip account upon receipt by the scrip purchasing organization of payment for said portion of the pre-paid electronic scrip credit on behalf of the member;

receiving information relating to a transaction between one of the participating merchants and the member by the system manager via a network from a merchant terminal, consisting at least in part of a merchant identifier, member identification and scrip account data for the member from the scrip card, a transaction request, and the transaction amount;

confirming a balance adequate to cover the transaction amount by the system manager in the member's scrip account; and

if the balance is adequate, debiting the member's scrip account for the transaction amount by the system manager, sending a confirmation of the debit to the merchant terminal via the network by the system manager, and crediting a predefined merchant portion of the transaction amount to an account of the merchant, a predefined scrip purchasing organization portion of the transaction amount to an account for the scrip purchasing organization, and a predefined scrip distributor portion of the transaction amount to a scrip distributor account by the system manager, according to look-up table parameters stored in the scrip clearing center.

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